Fisheries and Oceans Canada | Pêches et Océans Canada

Marine Outlook

Highlights of the Marine Industry

FEBRUARY 2005

ISSUE 10

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PORTS

Montreal

Increase in Handled Tonnage

Cargo traffic at the Port of Montreal totalled 23.6 Mt in 2004, an approximate 14% increase compared to 2003.[1]

Due to the soundness of the economy, the port attained another container handling record. In concrete terms, the port handled a record 1.2 million T.E.U containers (twenty foot equivalent unit), 117 459 more containers than the previous year. Although the economic situation stimulated container traffic, the arrival of new marine carriers at the port also helped: 12 of the 15 largest shipping lines now serve the Port of Montreal.[2]

1 330 ships with merchandise passed through the port in 2004, 4.5% more than in 2003. The port also welcomed close to 43 385 cruise passengers in 2004, 9 958 more than in 2003.[3]

The port's authorities are very optimistic that 2005 will be another great year for the port, notably with regard to container traffic. To absorb the growth in container traffic while handling all of the other types of cargo, the Montreal Port Authority is planning to invest over $150 M in the next five years to expand and improve its facilities.[4]

Quebec

Increase in Handled Tonnage

The Port of Quebec has just ended an exceptional year, handling approximately 22 Mt, 13% more than in 2003. This is the second consecutive record year for the port. In addition to this outstanding performance, approximately 72 000 cruise passengers and 33 000 crew members stopped over in the Old Capital last season.[5]

Among the port's projects, the management is considering adding two more wharves worth $125 M in the Beauport sector over the next five years.[6]

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[1] "Remarkable Traffic Increases at the Port of Montreal", press release, Port of Montreal, January 20, 2005.
[2] Ibid

[3] Montreal Port Authority.
[4] "Remarkable Traffic Increases at the Port of Montreal", press release, Port of Montreal, January 20, 2005.
[5] "2004: The Year of Every Record", Port of Quebec, January 5, 2005.
[6] « *Année record pour le port de Québec* », Radio-Canada Web site, January 6, 2005.

Sept-Îles

Decrease in Handled Tonnage

In 2004, the port's activities generated the transhipment of 17.5 Mt, a 23% decrease compared to 2003. The main explanation for this significant decrease in tonnage is the strikes at the Iron Ore Company of Canada (IOC) and the Wabush Mines, which made the port's shipments drop by 5 Mt.[7]

However, the progressive start-up of phase 2 at the Alouette aluminum plant will significantly increase the tonnage handled at the port in the near future. In January, the aluminum plant began production in its new facilities. Some 156 new feed troughs were installed in each of the two production areas. The feed troughs will be started up over a six to eight month period. Alouette's current annual aluminum production (243 000 t) will gradually increase to 550 000 t in 2006. The Sept-Îles aluminum plan will then become the largest in America in terms of production.[8]

Port-Cartier

Slight Decrease in Handled Tonnage

In 2004, the total tonnage handled at the Quebec Cartier port facilities was 17.5 Mt, a 0.5% decrease compared to 2003. Of this amount, the port handled 4.3 Mt of concentrate and 9.2 Mt of iron pellets. It also handled the transhipment of 2.9 Mt of cereal and received 1.1 Mt of bulk cargo (petroleum products, rails and raw material to make pellets). Ship traffic in 2004 increased, with a total of 478 ships, about 60 more than in 2003.[9]

[7] *« Diminution des activités au port de Sept-Îles »*, Radio-Canada Web site, January 18, 2005.
[8] *« Agrandissement : Alouette coule son premier lingot »*, Radio-Canada Web site, January 12, 2005.
[9] *Service des Relations publiques de Québec Cartier.*

Baie-Comeau

Decrease in Handled Tonnage

In 2004, the tonnage handled at the Port of Baie-Comeau totalled approximately 4.8 Mt, 5% less than in 2003. The port welcomed 263 ships, two more than last year.[10]

To this amount must be added approximately 788 000 t of merchandise that passed through the Port of Baie-Comeau (and the Port of Matane) via the *Georges-Alexandre-Lebel* in 2004, an 11% increase compared to 2003. This increase is due to the rise in tonnages of aluminum and wood. The train ferry made 468 round trips, 7% more than last year.[11]

Sorel

Decrease in Handled Tonnage

The Port of Sorel handled a total of 4.8 Mt in 2004, a 3% decrease. It welcomed 254 ships, four less than in 2003.[12]

QIT – Fer et Titane will continue to invest in the modernization of its Sorel-Tracy facilities.[13] A large portion of the tonnage handled by the Port of Havre-Saint-Pierre and the Port of Sorel is generated by QIT – Fer et Titane's industrial activities.

Port-Alfred

Decrease in Handled Tonnage

The tonnage handled at the Port of Port-Alfred dropped 5% compared with 2003, with a total of 4.5 Mt. Despite an increase in the tonnages of bauxite, fluorite and caustic soda, there was a greater decrease in the tonnages of alumina, green coke and calcinated coke. In 2004, 138

[10] "Detailed report on tonnage handled at harbours and ports in Quebec", Transport Canada, 2003 and 2004.
[11] *« Rapports des tonnages manutentionnés sur le traversier-rail Georges-Alexandre-Lebel »*, SOPOR et COGEMA, 2003 and 2004.
[12] Detailed report on tonnage handled at harbours and ports in Quebec", Transport Canada, 2003 and 2004.
[13] Dubuc, André, *« Du pain sur la planche dans la construction en 2005 »*, Les Affaires, January 8, 2005.

ships passed through the Port of Port-Alfred, eight more than in 2003.[14]

Havre-Saint-Pierre

Increase in Handled Tonnage

The Port of Havre-Saint-Pierre handled a total of 2.8 Mt in 2004, an approximate 2% increase compared to 2003. This is due to an increase in the shipment of ore (ilmenite and iron) and titanium, which made up for the lack of transhipments at the port's federal wharf during the dock worker strike from July to mid-October. 130 ships visited the port in 2004, compared to 158 ships in 2003.[15]

Trois-Rivières

Increase in Handled Tonnage

The tonnage handled at the Port of Trois-Rivières totalled close to 2.35 Mt in 2004, a 26% jump compared to 2003. There was a significant increase, approximately 37%, in the tonnage of dry and liquid cargo. This type of cargo now generates almost two thirds of the port's activities. The increase in bulk cargo tonnage offsets the constant decrease in the handling of cereal in Trois-Rivières. Approximately 250 ships docked at the Port of Trois-Rivières in 2004.[16]

Important reconstruction work on wharves 19 and 20 is set to end this year. The project should be completed toward the end of the summer.[17]

[14] Port-Alfred Port Authority.
[15] "Detailed report on tonnage handled at harbours and ports in Quebec", Transport Canada, 2003 and 2004.
[16] Veillette, Guy, « *Le port de Trois-Rivières termine 2004 avec une hausse de 26 % des marchandises manutentionnées* », Le Nouvelliste, January 18, 2005; Veillette, Guy, « *Bonne année pour le port de Trois-Rivières* », Le Nouvelliste, January 17, 2005.
[17] Veillette, Guy, « *Bientôt des annonces au port de Trois-Rivières* », Le Nouvelliste, January 22, 2005.

Bécancour

Decrease in Handled Tonnage

The volume of merchandise handled at the Port of Bécancour totalled 1.4 Mt in 2004, a 22% drop compared to 2003.[18] The strike that disrupted activities at the A.B.I aluminum plant is responsible for this decrease in tonnage since the plant only operated at a third of its capacity for approximately four months. Production resumed in November, following the settlement of the labour dispute.[19]

Despite this fall in tonnage, the port's marine traffic totalled 128 ships, 13 more than in 2003.[20] This can be explained by the Inco company's use of the port's facilities to send material to Labrador to build a plant.[21]

Port Saguenay

Decrease in Handled Tonnage

Port Saguenay handled a total of 387 000 t, a 19% decrease compared to 2003.[22] The closure of the Port-Alfred plant is the main reason for this drop. In fact, three quarters of the decrease are a result of the fact that newspaper is no longer being shipped from the paper plant and shipments of caustic soda destined for the paper plant have decreased.[23]

Nevertheless, the port has been attempting to diversify its activities in the last several years. A project to exploit a granite quarry producing aggregate shipped to the American market is in progress. However, this sector suffered from the increase in the value of the Canadian dollar in the last year. This project could eventually allow the Port of Port Saguenay to ship a

[18] Bécancour Port Authority.
[19] « *Une centaine d'employés d'A.B.I. sont de retour au travail* », Radio-Canada Web site, November 25, 2004.
[20] Bécancour Port Authority.
[21] « *Les marchandises livrées au port de Bécancour ont baissé de 22 % en 2004* », Radio-Canada Web site, January 11, 2005.
[22] Port Saguenay Port Authority.
[23] Gagnon, Mélyssa, « *Port Saguenay – Baisse de 19 % des volumes manutentionnés* », Le Quotidien, January 4, 2005; « *Port Saguenay a souffert de la fermeture de Port-Alfred* », Radio-Canada Web site, January 3, 2004.

volume of aggregates estimated to be between 200 000 and 500 000 t per year.[24]

About 50 ships docked at the port in 2004, 18 less than in 2003.[25]

Matane

Increase in Handled Tonnage

In 2004, the Port of Matane handled approximately 265 000 t, 25% more than in 2003. 2004 was marked by an increase in the transhipments of paper pulp. The port welcomed 49 ships at the Marginal wharf, five more than in 2003.[26]

To this tonnage must be added approximately 788 000 t of merchandise that passed through the Port of Matane (and the Port of Baie-Comeau) via the *Georges-Alexandre-Lebel*.[27] (See Port of Baie-Comeau, pg. 2)

Rimouski

Decrease in Handled Tonnage

The total tonnage handled by the Port of Rimouski in 2004 was 235 611 t, 8% less than in 2003. The drop in the tonnages of gasoline, petroleum products, sand and gravel is the main reason for this decrease. There was a slight resumption in the transhipment of building lumber and paper pulp in 2004, which was missing in 2003. Moreover, the port welcomed 73 ships in 2004, three less than the year before.[28]

Gros-Cacouna

Decrease in Handled Tonnage

The Port of Gros-Cacouna suffered a decrease in its overall traffic in 2004. It handled approximately 155 000 t, 15% less than in 2003. A decrease in the transhipment of wood and newspaper is the main reason for this drop. In 2004, 36 ships passed through the port, 10 less than in 2003.[29]

Two projects could increase port activities at the Port of Gros-Cacouna over the next several years.

First, the methane terminal project is advancing. Cacouna Energy, a consortium formed by the TransCanada Corporation and Petro-Canada, is thinking of building a liquefied natural gas plant on the island of Gros Cacouna with a capacity to handle 500 million cubic feet of natural gas per day. Apparently, TransCanada will soon rent land in Gros-Cacouna to build a methane terminal. The support of the population in Gros-Cacouna still needs to be obtained.[30]

Second, the coasting trade between Gros-Cacouna on the south shore and Baie-Comeau on the north shore could become a reality by 2006. That is what the *Corporation de développement du port de mer de Gros-Cacouna* is hoping for to intensify the port's activities in the next several years. According to *Le Soleil*, the tows would be transported by ship between the two shores. According to the estimates, almost 15 000 tows could transit between the two shores every year with this service, decreasing the heavy traffic on the North Shore's route 138 by 25%.[31]

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[24] Gagnon, Mélyssa, « *Port Saguenay – Baisse de 19 % des volumes manutentionnés* », Le Quotidien, January 4, 2005; « *Port Saguenay a souffert de la fermeture de Port-Alfred* », Radio-Canada Web site, January 3, 2004.
[25] Port Saguenay Port Authority.
[26] "Detailed report on tonnage handled at harbours and ports in Quebec", Transport Canada, 2003 and 2004.
[27] « Rapports des tonnages manutentionnés sur le traversier-rail *Georges-Alexandre-Lebel* », SOPOR et COGEMA, 2003 and 2004.
[28] "Detailed report on tonnage handled at harbours and ports in Quebec", Transport Canada, 2003 and 2004.
[29] Ibid
[30] « *La Corporation du port de Cacouna favorable au projet de port méthanier* », Radio-Canada Web site, December 17, 2004 ; « *Terminal méthanier à Gros-Cacouna* », Radio-Canada Web site, January 9, 2005.
[31] Larouche, Marc, « *Une bouée de sauvetage pour le port de Cacouna* », Le Soleil, January 10, 2005.

Portneuf

Increase in Handled Tonnage

The Port of Portneuf's overall traffic increased in 2004 with a handled tonnage of 134 864 t, 45% more than in 2003. An increase in the transhipment of coal is the main reason for this jump. In 2004, 11 ships docked at the Portneuf wharf, one less than in 2003.[32]

Pointe-au-Pic

Decrease in Handled Tonnage

The Port of Pointe-au-Pic handled a total of 102 442 t in 2004, a 47% drop compared to 2003. A decrease in the tonnages of newspaper and wood chips is to blame for this fall. At the same time, total traffic decreased to 26 ships, nine less than in 2003.[33]

Gaspé

Decrease in Handled Tonnage

The tonnage handled at the Port of Gaspé totalled 76 385 in 2004, 11% less than in 2003. The tonnages of salt, gasoline and petroleum products all decreased. However, in 2004, the port welcomed several ships unloading wind turbines from Denmark. The port welcomed 20 ships in 2004, seven less than in 2003.[34]

Groupe DJL, which is exploiting a stone chip quarry in Wakeham, near Gaspé, through the intermediary of its Pavages Beau Bassin division, is tempted to venture into exportation. If the project becomes reality, the stone ships would be transported to the Port of Gaspé to be loaded on ships for Florida.[35]

[32] "Detailed report on tonnage handled at harbours and ports in Quebec", Transport Canada, 2003 and 2004.
[33] Ibid
[34] Ibid
[35] Gélinas, Geneviève, « *Port de Gaspé – La construction de l'usine de GDS amorcée* », Le Soleil, November 26, 2004.

Chandler

Decrease in Handled Tonnage

The tonnage handled in the Port of Chandler was 2 804 t in 2004, 24% less than in 2003. The cargo transhipped in Chandler is limited almost exclusively to salt. Two ships docked at the port in 2004, the same number as in 2003.[36]

Cap-aux-Meules

Improvements to the Port Facilities

Important improvements will be made to the Cap-aux-Meules port facilities. For security reasons, the International Ship and Port Facility Security Code (ISPS) will be implemented. The wharf where the *Vacancier* cruise ship docks will be redeveloped to become a high security area. This reconstruction should allow the commercial wharf to welcome and control passengers and ships from abroad.[37]

[36] "Detailed report on tonnage handled at harbours and ports in Quebec", Transport Canada, 2003 and 2004.
[37] Hubert, Achille, « *Cap-aux-Meules – Des installations portuaires améliorées* », Le Soleil, October 31, 2004.

Summary of 2004

ndled a total of
The main ports in Quebec han in 2003. On
102.7 Mt in 2004, 1% less thal, Quebec, Sept-
their own, the ports of Montreæd approximately
Îles and Port-Cartier transhippebec. Among the
80% of the total tonnage in Quonly the ports of
four largest ports in Quebec, can increase in
Montreal and Quebec had
tonnage in 2004.

OVERVIEW 200 3 and 2004

Estimation and Comparison of the Tonnage Handled at the Main Ports of Quebec during the First Three Quarters of 2003 and 2004

List of the Ports	2004	2003	Variation 2004/2003
1. Montreal	23.6 Mt	20.8 Mt	+ 14%
2. Quebec	22 Mt	19.5 Mt	+ 13%
3. Sept-Îles	17.5 Mt	23 Mt	- 23%
4. Port-Cartier	17.5 Mt	17.6 Mt	- 0.5%
5. Baie-Comeau [38]	4.9 Mt	5.1 Mt	- 5%
6. Sorel	4.8 Mt	5.0 Mt	- 3%
7. Port-Alfred	4.5 Mt	4.7 Mt	- 5%
8. Havre-Saint-Pierre	2.8 Mt	2.76 Mt	+ 2%
9. Trois-Rivières	2.35 Mt	1.9 Mt	+ 26%
10. Bécancour	1.4 Mt	1.8 Mt	- 22%
11. Port-Saguenay	387 Kt	478 Kt	- 19%
12. Matane [38]	265 Kt	212 Kt	+ 25%
13. Rimouski	236 Kt	256 Kt	- 8%
14. Gros-Cacouna	155 Kt	183 Kt	- 15%
15. Portneuf	135 Kt	93 Kt	+ 45%
16. Pointe-au-Pic	102 Kt	191 Kt	- 47%
17. Gaspé	76 Kt	86 Kt	- 11%
18. Chandler	2.8 Kt	3.7 Kt	- 24%
Total	**102.7 Mt**	**103.7 Mt**	**- 1%**

Source: Port authorities and Transport Ca eans Canada, Quebec Region

Compilation: DRPE, Fisheries and Oc nada

MARINE SECURITY

Implementation of a Federal Marine Security Program

Transport Canada has recently implemented the Marine Security Contribution Program. According to the program, $115 M in funding spread over three years will help Canadian ports and marine facilities bear the costs of modernizing and reinforcing their security systems and programs. This program is part of the framework of the national security policy, which plans to invest $308 M to reinforce marine security in Canada, in compliance with the new global requirements of the International Maritime Organization's International Ship and Port Facility Security Code Code.[39]

SEAWAY

Closure of the 2004 Navigation Season

The St. Lawrence Seaway is officially closed since December 30, 2004, ending its 46th navigation season. This closure during the winter season will allow the annual maintenance program to be carried out on the 13 Canadian locks and connecting channels. This year's work will amount to $5 M in the Montreal – Lake Ontario section and $20 M in the Welland Canal. Improvements to the bridges, locks, communication and electricity facilities, roads, spillways and walls are planned. The Seaway should reopen at the end of March 2005.[40]

[38] This data does not include the tonnage passing through the ports of Baie-Comeau and Matane via the *Georges-Alexandre-Lebel* rail ferry.
[39] "Marine Security Contributions Program Open for Applications", press release, Transport Canada, December 2, 2004.
[40] "St. Lawrence Seaway Closes 46th Navigation Season", press release, Great Lakes St. Lawrence Seaway System Web site January 4, 2005.

Slight Increase in Transported Tonnage

In 2004, the St. Lawrence Seaway welcomed 4 060 ships, a 4.4% increase. These ships transported over 43 Mt of merchandise, a 5.3% increase in total tonnage compared to last year. Bulk goods were the main category with 15 Mt, followed by iron ore, cereal and coal. Only the tonnage of bulk goods increased by almost 10%. Cereals and iron ore decreased approximately 4%. The tonnage of coal remained relatively stable, from 4 196 to 4 181 Mt. As such, the increase in the traffic of bulk goods has more than compensated for the decrease in the traffic of cereal and iron ore, allowing for an increase in the total transits compared to 2003.[41]

INTERMODAL TRANSPORT

Congestion of the Transport Infrastructures

The soundness of world trade seems to be pushing transport infrastructures everywhere in Canada to their limits. In fact, the ports of Vancouver and Montreal had unrivalled maritime traffic records. An intermodal network that would continually be deployed in the seaways, railways and roads is needed. The governments of Canada and Quebec will discuss the implementation of a program with the private sector to improve and renovate these different networks. According to the St. Lawrence Economic Development Council (SODES), these would be a very favourable conditions and an opportunity for fluvial and coastal traders, since maritime transport on the St. Lawrence is far from having reached its full capacity.[42]

Investments in Intermodal Transport

Negotiations are currently underway between the *Ministère des Transports du Québec* and Transport Canada concerning the implementation of a $100 M program over five years to renovate the Quebec network of local railways and relaunch intermodal transport and the coasting trade on the St. Lawrence River. Of this amount, $40 M will be spent on intermodal railway and maritime transportation projects, including the rebuilding of wharves. Financed by the two levels of government and the private sector, the goal of this program is to increase competition between the transportation methods to help lower the emission of greenhouse gases and the costs of maintaining the road network.[43]

This investment in maritime transport could give the coasting trade on the St. Lawrence new life and could lead to a significant decrease in the number of trucks traveling on the roads of the North Shore and Eastern Québec.[44]

ENVIRONMENT

New Equipment to Detect Marine Pollution

Transport Canada has acquired a new piece of marine pollution aerial surveillance equipment that will strengthen the National Aerial Surveillance Program and make it more efficient when bringing charges under the *Canada Shipping Act*. The equipment will also support Environment Canada and Fisheries and Oceans Canada (Canadian Coast Guard) in their containment and cleaning activities by helping them detect oil slicks notably by determining their characteristics and following their movements.[45]

The goal of this program is to maintain and improve the effectiveness of air surveillance, especially on the eastern coast of Canada, where illegal spills of polluting material by ships often raise serious concerns about the protection of the marine environment.[46]

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[41] « *Résultats mensuels du Trafic de la Voie maritime en date du 31 décembre 2004* », Great Lakes St. Lawrence Seaway System Web site, December 2004.
[42] Duhamel, Alain, « *Les transporteurs sont à la limite de leur capacité* », Les Affaires, January 8, 2005.
[43] Theriault, Carl, « *Transport intermodal : Nouvel élan pour le cabotage sur le Saint-Laurent* », Le Soleil, January 10, 2005.
[44] « *Le retour des caboteurs sur le Saint-Laurent* », Radio-Canada, December 10, 2004.
[45] "New Equipment to Detect Ship Pollution", press release, Transports Canada, December 17, 2004.
[46] "National Aerial Surveillance Program", background document, Transport Canada, December 2004.

COMMODITIES

Iron Ore

Good Outlook for Iron Ore in 2005

The Quebec production of iron ore remained relatively stable from January to November 2004 compared to the same period last year.[47] Labour disputes in two mining companies (Wabush Mines and the Iron Ore Company of Canada (IOC) are partly to blame for this stagnation in production.[48]

2005 is shaping up to be better, since both mining companies have resumed their activities and plan to produce at full capacity with higher investments in mining exploration this year.[49] The strong Chinese demand for ore and the anticipated increase in price explains in large part this growing interest for mining exploration in Quebec.[50]

Wheat

Slight Increase in Canadian Exportations of Wheat

According to the new estimates made by the analysts at Agriculture and Agri-Food Canada (AAFC), Canadian exports of wheat should increase approximately 2% during the 2004-2005 year to reach 12.6 Mt. Production should increase by 8% to reach 20.9 Mt in 2004-2005, a record since 1999-2000. The predictions for the 2005-2006 year reveal a probable 6% increase in wheat exportation.[51]

The AAFC estimates that prices will fall drastically due to good winter harvests in the United States, a growing production from South America, the increase in the value of the Canadian dollar compared to the US dollar and the modest increase in world consumption.[52]

Factors to watch for are Chinese demand, the European Union's exportation policy and freight charges. These factors should affect not only the productivity of the Canadian wheat industry, but also the quantity of wheat handled in the St. Lawrence Seaway in the next year.[53]

Aluminium

Slight Decrease in the Canadian Production of Aluminum

According to the predictions made by Export Development Canada (EDC), we can expect an increase in the production and exportation of aluminum in Canada in 2005, following the settlement of the labour dispute at the A.B.I. aluminum plant in Bécancour.[54] Remember that this conflict prevented the industry from having a good year in 2004. Moreover, the most recent Canadian aluminum production statistics reveal a production of 2.4 Mt from January to November 2004, an approximate 7% decrease compared to the same period in 2003.[55]

Lumber and Newspaper

Anticipated Increase in the Canadian Exportation of Lumber in 2005

According to the predictions made by EDC analysts, the demand for Canadian lumber should be good in 2005. Various factors explain this outlook: low interest rates, sustained economic growth and favourable demographic trends in the United States. Moreover, the EDC maintains that the end of 2004 was exceptionally good for lumber exporters, unlike unusual, due to good market conditions. The

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[47] "Production of Canada's Leading Minerals", Natural Resources Canada, January to July 2004.
[48] « *Bilan du secteur minier pour 2004* », Radio-Canada Web site, December 29, 2004.
[49] « *Exploration minière : une bonne année partout sauf on Gespésie* », Radio-Canada Web site, November 25, 2004.
[50] « *Hausse de 50 % du prix du fer?* », Les Affaires, January 22, 2005.
[51] "Bi-Weekly Bulletin: World and Canadian Outlook for Grains and Oilseeds in 2005-2006", Agriculture and Agri-Food Canada, vol. 18 – no 1,January 2005; "Canada: Grains and Oilseeds Outlook" , Agriculture and Agri-Food Canada, December 2004.
[52] "Canada: Grains and Oilseeds Outlook", Agriculture and Agri-Food Canada, January 2005.
[53] Ibid
[54] "Global Export Forecast Update", Export Development Canada, January 2005.
[55] "Production of Canada's Leading Minerals", Natural Resources Canada, January to July 2004.

damage caused by hurricanes in the United States and the Caribbean led to an increased in the demand for lumber for reconstruction work and infrastructure restoration.[56]

Canada's Counter-Attack in the Lumber Dispute

The business conflict over lumber has reached a new level. Canada has initiated a proceeding to challenge the revision of American countervailing duties on lumber which it deems insufficient under the North American Free Trade Agreement (NAFTA).[57] Last December, the Canadian authorities and the lumber industry learned that the United States would reduce the duties slightly, from 27% to 21%. This decision was badly received in Canada, since everyone was hoping for a much greater reduction.[58]

Turning Point Year in the Pulp and Paper Sector

According to EDC analysts, 2004 ended well for pulp producers, since increases were recorded. For the year that has just begun, the demand for most types of paper is still relatively good in Europe and North America and shipping and production should remain strong. After two years of decreased sales abroad, Canadian newspaper exporters were once again faced with modest demand in all regions in 2004. According to the EDC's predictions, the sector should gain renewed vigour in 2005. Deliveries to South America stimulate shipments abroad, despite the sustained slowdown of the North American market.[59]

[56] "Global Export Forecast Update", Export Development Canada, January 2005.
[57] « *Bois d'œuvre : le Canada contre-attaque* », Radio-Canada Website, January 13, 2005.
[58] « *Bois d'œuvre : le Canada espérait une plus forte réduction des droits compensateurs* », Radio-Canada Website, January 14, 2004.
[59] "Global Export Forecast Update", Export Development Canada, January 2005.

Natural Gas

Gaz Métro and Its Partners Unveil a New Project in Lévis

The Rabaska methane complex that the promoters of Gaz Métro and its partners, Enbridge and Gaz de France, hope to build in Beaumont could be built at the eastern limit of Lévis. This complex would be located a little more than a kilometre from the hydroelectric line that crosses the municipality of Beaumont. Remember that this municipality has already expressed its strong opposition to the project during a referendum.[60]

FERRIES

The *Camille-Marcoux* Ferry Must be Replaced Before 2010

The *Société des traversiers du Québec* still intends to replace the *Camille-Marcoux* which is now crossing between Matane and the North Shore, at the latest in 2010.[61]

The *Société* states that it will be forced to make the replacement since the *Camille-Marcoux* does not meet the new international security standards for enclosed deck ferries that will soon be applied by the Canadian government.

Approximately fifty minor accidents occur every year on ferries in Quebec, the majority on the *Camille-Marcoux*. The narrowness of the vehicle deck makes embarking and disembarking in complete safety difficult on this ship.

The construction of a replacement ship will cost $125 M.

[60] « *Terminal méthanier : le nouvel emplacement serait situé à l'extrémité est de Lévis* », Radio-Canada Web site, January 25, 2004.
[61] « *Le Camille-Marcoux devra être remplacé d'ici 2010* », Radio-Canada Web site, November 12, 2004.

CRUISES/TOURS

Groupe Dufour Ends its Cruises between Quebec City and Tadoussac

Unable to make its exploitation profitable, Groupe Dufour is abandoning its water link between Québec City and Tadoussac and is even thinking of renting the *Famille Dufour II* catamaran to a Port of Montreal operator.[62]

To explain its decision, Groupe Dufour mentions that the new regulations in the Saguenay-St-Lawrence marine park force the boat's speed to be reduced seven to eight knots for a large part of the trip, extending the cruise by 1 hour and 30 minutes. Moreover, the cost of fuel (marine diesel), which rose from 27 cents to 52 cents a litre between 1996 and 2004, also had an adverse affect on the cruise tour's profitability.[63]

PLEASURE BOATING

A Blue Route to Discover the North Shore

The North Shore's blue route will be inaugurated next spring. The ZIP committee (*zone d'intervention prioritaire*) of the estuary's North Shore indicates that this brand new marine trail, which will skirt 400 kilometres of coast, will be made up of launch sites and safe shelters. The route will be unmarked and is made for canoes, kayaks and sailboats.[64]

For the Saguenay River section in Baie-Trinité, users will be able to navigate using a guide containing information about the habitats, landscapes and fragile sites to discover. Approximately 80 points of access to the blue route are planned along the North Shore.

Furthermore, the blue route of the estuary's southern sector (between Berthier-sur-Mer and Métis-sur-Mer) should also be open in the spring.[65]

[62] « *Fin du lien fluvial entre Québec et Tadoussac* », Le Soleil, December 28, 2004.
[63] Ibid
[64] « *Une route bleue pour découvrir la Côte-Nord* », Radio-Canada Web site, November 25, 2004.

[65] Web site of the *Fédération québécoise du Canot et du Kayak*: www.canot-kayak.qc.ca

If you have any comments, please contact:

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Marine Outlook is a quarterly reporting the highlights of marine transport activities in Quebec.

Realised by:

Policy and Economics Branch
Fisheries and Oceans
Quebec QC
G1K 7Y7

February 2005